GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:122
ANSWERED ON:10.08.2007
TAX RELIEF TO SENIOR CITIZENS
Deora Shri Milind Murli

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has raised the exemption limit of Tax Deducted at Source (TDS) on interest earned from any deposit under the Senior Citizens Savings Scheme, 2004, as reported in the Times of India dated June 05, 2007;

(b) if so, the details thereof; and

(c) the number senior citizens expected to stand benefited by this move?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir.

(b) The Finance Act, 2007 has amended the provisions of section 194A of the Income-tax Act, 1961 thereby increasing the threshold limit upto which tax is not required to be deducted at source in respect of, inter alia, interest on any deposit with,-
(i) a banking company specified under sub-clause (a) of clause (i) of section 194A(3); and
(ii) post office under any scheme framed by the Central Government and notified by it in this behalf.

The threshold limit has been raised from five thousand rupees to ten thousand rupees.The enhanced limit has come into force from 1st of June, 2007.

The Central Government have, vide notification No. S.O. 861 (E) dated 1st June, 2007, accordingly notified the Senior Citizens Savings Scheme, 2004 for the purposes of sub-clause (c) of clause
(i) of sub-section (3) of section 194-A of the Income-tax Act. By virtue of this notification, tax will not be required to be deducted at source on payment of interest on deposits made with post office under the Senior Citizens Savings Scheme, 2004, if the amount of interest so credited or paid is upto Rs.10,000/-.

(c) No such information is compiled by the Central Government.